

**Joint Legislative Audit and Review Commission  
of the Virginia General Assembly**



**Interim Report:  
Best Practices for the Support Services  
of School Divisions**

**Staff Briefing  
December 16, 2002**

# **JLARC Staff for the Study**

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**Bob Rotz, Division Chief**

**Christine Wolfe**

# Presentation Outline

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- ☒ Introduction
- ☐ Collecting Potential Best Practices for the Interim Report
- ☐ Research Activities Planned for the Final Report

# Study Mandate

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## ■ House Joint Resolution (HJR) No. 34 from the 2002 Session:

- Requires the Joint Legislative Audit and Review Commission (JLARC) to “examine the best administrative, fiscal, and service practices” of Virginia public schools
- Notes that there have been mechanisms in place to identify and analyze effective instructional programs and practices
- Also notes that there has been no similar mechanism in place to accomplish this task for non-instructional activities

## ■ Mandate requires:

- Interim report prior to 2003 General Assembly
- Final report by the end of November 2003

# **Categories of Services Included in the Review as “Support” or “Non-Instructional”**

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- **Administrative systems and services (central administration)**
- **Attendance services**
- **Health services**
- **Operation and maintenance**
- **Pupil transportation**
- **Safety and security**
- **Technology support**
- **School food**
- **School construction**

# State Standards of Quality (SOQ) Address the Provision of Support Services

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- The second of the seven codified SOQ (Section 22.1-253.13:2 of the *Code of Virginia*) provides in part that:
  - “The General Assembly and the Board of Education believe that effective schools must provide and maintain efficient and cost-effective support services to ensure quality education...”
  - “Each local school board shall provide those support services which are necessary for the efficient and cost-effective operation and maintenance of its public schools including, but not limited to, administration, instructional support, pupil personnel services, student attendance and health, operation and maintenance of the buildings and management information systems”
- Thus, the SOQ recognize the necessity of support services, but also emphasize that those services should be provided in an efficient and cost-effective manner

# Study Issues

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- **What potential best practices are currently used by some school divisions in Virginia to provide non-instructional services?**
- **What factors currently impact the costs of providing non-instructional services? Do school divisions with low costs tend to use best practices?**
- **What role might best practices play in lifting the efficiency and effectiveness of school division non-instructional services? What impact might be obtained through their greater dissemination?**

# Proportion of Costs Addressed by This Review

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<i>(Based on DOE Data for FY 2000)</i>	<b>Regular Day School Operating Costs</b>	<b>School Food and Facility Costs</b>	<b>Combined Costs</b>
<b>Costs</b>	<b>\$7.666 billion</b>	<b>\$1.063 billion</b>	<b>\$8.729 billion</b>
<b>Costs for Categories Addressed by Study Scope</b>	<b>\$1.585 billion</b>	<b>\$1.063 billion</b>	<b>\$2.648 billion</b>
<b>Percent of Costs Within Study Scope</b>	<b>20.7 %</b>	<b>100.0 %</b>	<b>30.3 %</b>



# Potential Benefits of a Best Practices Review for Support Services

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- **Greater dissemination of best practice ideas may:**
  - **Directly enhance the quality of services**
  - **Increase the efficiency of services, potentially leading to some fiscal benefits**
- **Primary fiscal beneficiaries are likely to be local governments that fund high-cost school divisions**
- **The State may obtain some fiscal benefits, but the potential for benefits may be lessened due to some limitations in the extent to which the State currently helps pay for these costs**

# Factors That May Lessen the State's Opportunity to Achieve Savings

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- **SOQ support costs** – in determining the costs for attendance and health, central administration, pupil transportation, and operation and maintenance services, the State:
  - Sets its base year cost using a measure (the linear weighted average) that gives greatest weight to moderate-spending divisions
  - Funds divisions in FY 2003 and FY 2004 using salary levels from FY 2001, health care premium amounts from FY 2002, and per-pupil non-personnel support costs as calculated for FY 2002
  - Currently is slated to pay 72 percent of its share of linear weighted average costs for administrative personnel services
- **School food services** – State funding for school food services accounts for less than two percent of these costs
- **School construction** – State funding dedicated to such purposes, initiated in FY 1999, has been helpful to localities, but localities are still responsible for most of these costs

# Rate of Expenditure Growth During 1990s in Non-Instructional Expenditures

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Average Rates of Increase for Non-Instructional Costs Compared to Virginia Personal Income Growth and Inflation, FY 1990 to FY 2000	
Cost Category	Average Annual Percentage Rate of Increase
Capital Facility Costs Per Pupil	+ 4.30
Virginia Personal Income (Per Pupil *)	+ 4.05
School Food Services Cost Per Pupil	+ 4.05
Administrative Costs Per Pupil	+ 3.72
Pupil Transportation Costs Per Pupil	+ 3.61
Attendance and Health Costs Per Pupil	+ 2.95
Inflation (CPI)	+ 2.92
Operation and Maintenance Costs Per Pupil	+ 2.89
* Personal income also standardized on a per-pupil basis, for consistency and to capture the change in the amount of income in the Commonwealth relative to the number of pupils in the public school system.	

# Average Expenditures for Operating Costs Addressed by This Review

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Average Daily Expenditures Per Public School Child for Recurring, Non-Instructional Services (FY 2000)	
Cost Category	Average Daily Cost Per Pupil, Statewide Average
Operation and Maintenance Services	\$ 3.91
Pupil Transportation Services	\$ 1.96
School Food Services	\$ 1.47
Central Administrative Services	\$ 1.36
Attendance and Health Services	\$ 0.60
Total, Recurring Non-Instructional Services Addressed by the Review	\$ 9.30
Note: Each per-pupil cost is an average based on the number of pupils in Virginia's public school system. Also, per-pupil costs are expressed as daily costs for illustrative purposes, with an assumption of a school year of 180 days. Since some expenditures are made to pay for costs incurred outside of the five-days-a-week, 180-day school year, the daily costs shown are somewhat higher than is actually incurred to provide services for just school year days.	

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# Obtaining Potential Best Practice Ideas

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## ■ Best practices from Virginia school divisions

- Top priority study activity for identifying best practices
- Developed web site location that divisions could use to submit best practices
- Letter sent to all division superintendents, and also tailored follow-up letters sent to 820 school division staff
- Obtained over 180 best practice submissions

## ■ Review of best practice efforts in other states

- Secondary priority for this study
- Florida and Texas appear to have done the most work in identifying potential best practices
- Performance audit report recommendations based on the findings from school division reviews by State audit teams can be helpful (Florida, Pennsylvania, Texas)

# **Information Collected from School Divisions for the Best Practices Review**

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- **Best practice area (type of service)**
- **School division name and contact person**
- **Description of the best practice**
- **Estimated cost increases or savings experienced from implementing the best practice**
- **Barriers to overcome, or factors that may impact whether the best practice will be successful**

# Overview of Best Practices Received to Date

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- As of December 11, 2002, the JLARC best practices web site received 188 best practices from 39 Virginia school divisions (there is some duplication of ideas within the submissions)
- Of these best practices:
  - About 52 percent were designed to improve services
  - About 39 percent were designed to reduce costs or improve efficiency
  - About 9 percent were designed to accomplish both objectives
- Of the nine service categories used to classify the practices, the “Administrative Systems and Services” category had the greatest number of submissions



# **Example of Best Practices: Efforts to Save Energy Costs**

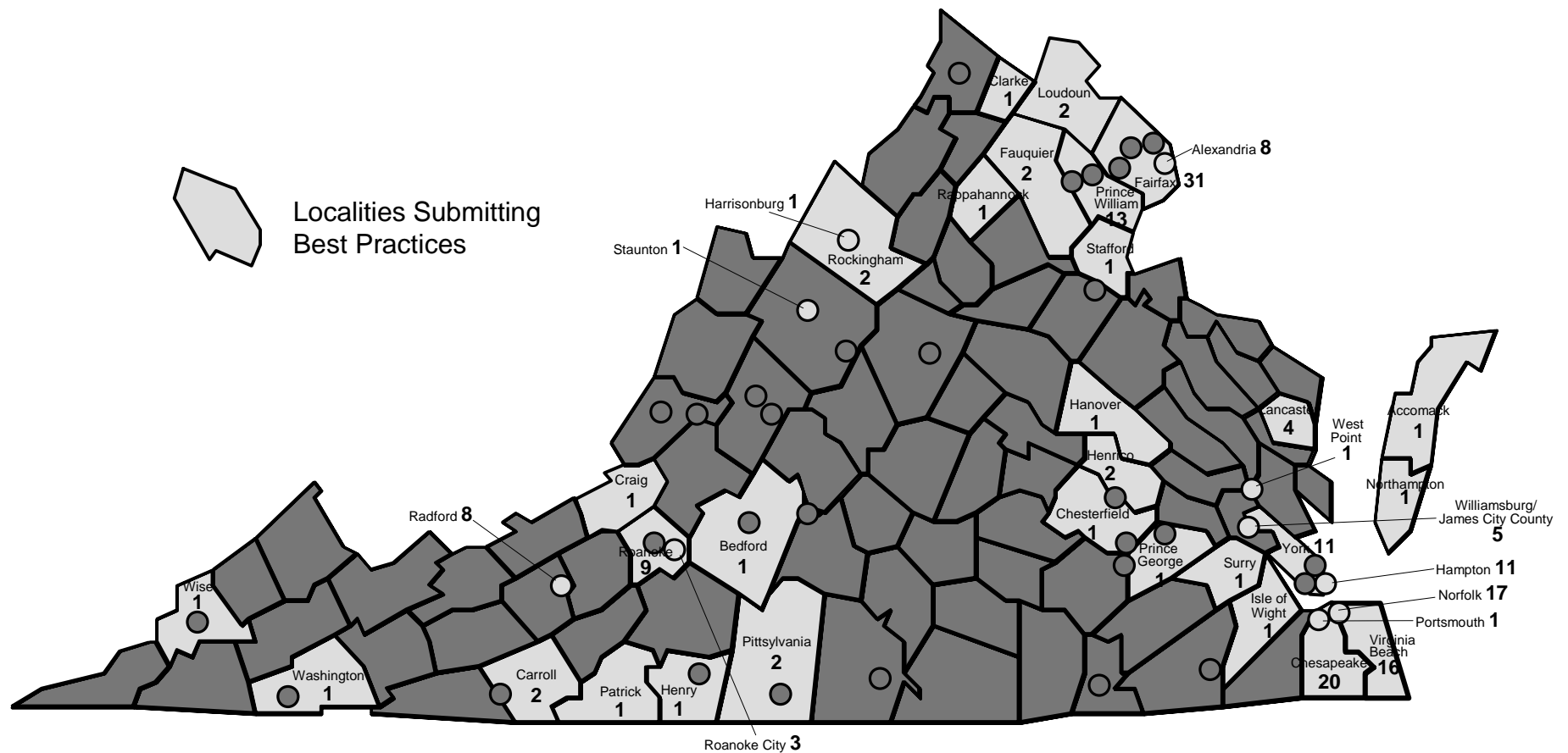
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- **Patrick County school division reported up-front investments to save on long-term energy costs:**
  - Added insulation to the roof
  - Replaced old heaters with heat pumps
  - Replaced lights with more efficient lighting
  - Installed programmable thermostats
  - Savings of an estimated \$100,000 per year in energy costs
  
- **Prince William County school division reported the use of an energy management program:**
  - Baseline energy usage established, monitored, with incentives for principals to trim costs
  - Energy conservation training
  - An “aggressive, division-wide lighting upgrade program”
  - Over \$3 million in savings to date (program established in 1994)

# Some Limitations in the Geographic Diversity of the Divisions Submitting Best Practices

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# Variation Across School Divisions in Support Costs

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- As previously indicated, the statewide average daily per-pupil cost in FY 2000 for five operational services (operation and maintenance, pupil transportation, central administration, attendance and health, and school food) was about \$9.30
- The following costs (expressed on a per-pupil, per school day basis) are shown to illustrate the variation across school divisions in FY 2000 costs for these five services:
  - Less than \$8.00 – about 20 percent of school divisions
  - Between \$8.00 and \$9.99 – about 53 percent of school divisions
  - \$10.00 to \$11.99 – about 17 percent of school divisions
  - \$12.00 and up – about 10 percent of school divisions

# Site Visits Are Planned for Study's Second Phase

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- JLARC staff plan to obtain additional information as needed from divisions regarding best practices already submitted
- In addition, JLARC staff plan to visit some high, medium, and low cost school divisions in the second phase of the review
- Site visits are planned to explore relative roles of the following in cost differences between the divisions:
  - Service provision approaches, particularly the use (or lack of use) of best practices
  - The caliber (quantity and quality) of the services that are provided; different communities may have different expectations about the caliber of services that should be provided
  - Unique local cost factors
  - Potential differences in how the data are reported

# **Selection of School Divisions for Site Visits**

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- **JLARC staff plan to select a substantial number of school divisions for site visits, with an intent to include:**
  - **Some divisions with high, medium, and low costs**
  - **Some urban, suburban, and rural jurisdictions**
  - **Good geographic representation**
  
- **To facilitate the likelihood that some strong contrasts can be observed, certain geographic “matched pairs” will likely be selected for visitation. These divisions:**
  - **Are neighbors or nearly neighbors,**
  - **Appear to have similar characteristics, yet**
  - **Have very different per-pupil cost levels for non-instructional services**

# Questions to Address Through Site Visits

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- How do low, medium, and high cost divisions compare on the following dimensions:
  - Use of Best Practices – To what extent are best practices used? To what extent are practices used that appear to be particularly inefficient?
  - Caliber of Services Provided – To what extent are there differences in the caliber of the services that are offered?
  - Unique Characteristics – To what extent are there unique local circumstances or demographics that impact the cost level?
  - Data Reporting Practices – Are there any unusual data reporting practices that impact the types of costs reported as non-instructional?

# Content of the Final Report

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## ■ The final report is expected to consider:

- the prospects for improving the efficiency and/or effectiveness of non-instructional services through the use of best practices, including consolidations of services and outsourcing
- what local and State savings may be feasible
- whether a mechanism should be used to institutionalize the identification and dissemination of best practice ideas
- whether incentives may be useful in certain situations to foster school division adoption of more best practice techniques